

Statewide
PROCEDURE

S340-P340 Rev 1.0

TITLE: Project Investment
Justification (PIJ)

Effective Date: April 1, 2003

1. AUTHORITY

The Government Information Technology Agency (GITA) shall develop, implement and maintain a coordinated statewide plan for information technology (A.R.S. § 41-3504(A (1))), including, the formulation of policies to effectuate the purposes of the agency (A.R.S. § 41-3504(A (13))) and adopting statewide technical, coordination, and security standards (A.R.S. § 41-3504(A (1(a))))).

2. PURPOSE

To establish a procedure that defines the process by which the Government Information Technology Agency (GITA) evaluates Budget Unit (BU) information technology (IT) projects and investments for the State of Arizona.

3. SCOPE

This applies to all budget units. Budget unit is defined as a department, commission, board, institution or other agency of the state organization receiving, expending or disbursing state funds or incurring obligations of the state including the board of regents and the state board of directors for community colleges but excluding the universities under the jurisdiction of the board of regents and the community colleges under their respective jurisdictions and the legislative or judicial branches (A.R.S. § 41-3501(2)).

The Budget Unit Chief Executive Officer (CEO), in conjunction with the Budget Unit Chief Information Officer (CIO), shall be responsible for ensuring the effective implementation of Statewide Information Technology Policies, Standards, and Procedures (PSPs) within each Agency.

Specifically those Budget Units as defined above, which are undertaking:

- A. An IT project that has development costs of at least \$25,000;
- B. An IT investment or acquisition of at least \$25,000; and/or
- C. An IT request for disposition of special funds maintained by the Government Information Technology Agency (GITA).

4. PROCEDURE

This procedure defines the process by which the Government Information Technology Agency (GITA) evaluates Budget Unit (BU) information technology (IT) projects and investments for the State of Arizona. The procedure:

- A. Provides for consistency in identifying and evaluating IT projects and investments;

- B. Provides comprehensive documentation that identifies issues, goals, and objectives and measures financial and technological risks for critical IT projects and investments;
- C. Requires conformity to applicable special funding objectives, as well as annual Strategic IT Plans; and
- D. Provides instructions to allocate special funds and, if required, to secure approval from the Information Technology Authorization Committee (ITAC).

4.1. PROCEDURE PROCESS

Attachment A, *PIJ Review Context Diagram*, illustrates the context of the PIJ review process. The processing cycle for review and recommendation is 21 working days or one calendar month, or less.

4.1.1. Upon receipt of the PIJ, **GITA Oversight Staff** shall:

4.1.1.1. Enter the current date on the PIJ document. This date is used for establishing the 21 working day processing period.

4.1.1.2. Assign a project ID number in the format AAyyynn, where.

A. The project ID's format shall be:

- i. AA = Agency Abbreviation
- ii. yy = Year
- iii. nnn = Serial request number within the fiscal year for the BU

B. Examples:

- i. AD03002 - - indicates the second PIJ submission to GITA from the Department of Administration in 2003.
- ii. DE03003 - - indicates the third PIJ submission to GITA from the Department of Economic Security in 2003.

4.1.1.3. Make a working copy of the PIJ and its amendments and file the original by project ID.

4.1.2. **GITA Oversight Staff** shall review the PIJ document and:

4.1.2.1. Verify that all necessary approvals have been secured.

4.1.2.2. Ensure that funding requirements, business requirements, business objectives, and operational goals are being satisfied.

4.1.2.3. Review the project for the presence of required internal and external technical expertise and capability.

4.1.2.4. Review financial information for accuracy and completeness.

4.1.2.5. For projects and investments of \$1 million or more, check the summary management schedule for an adequate

- description of high-level activities and events, such as milestones and major phases.
- 4.1.2.6. Return the PIJ document to the BU, if any of the above items are inaccurate or incomplete. Send a cover letter with the returned PIJ to explain the cause(s) for returning the document.
- 4.1.3. After reviewing the PIJ document, **GITA Oversight Staff** shall:
 - 4.1.3.1. Complete the PIJ Checklist for the project (contained in Attachment B, *PIJ Checklist and Evaluation Criteria*). The key areas for evaluation are:
 - A. Business and Technology Assessment;
 - B. Value to the Public and Benefits to the State;
 - C. Financial Assessment;
 - D. Risk Assessment;
 - E. Project Approvals; as well as
 - F. Connectivity, Project Plan, and Cost Substantiation.
 - 4.1.3.2. Review discrepancies with the BU and resolve them. The exchange of information should be in writing.
 - 4.1.3.3. Request additional information or assistance whenever any risks of failure to complete the project within budget, on schedule, and within requirements are revealed during the review process.
 - 4.1.3.4. Prepare a PIJ Summary (Attachment C, *PIJ Summary Sheet Instructions and Format*)
 - 4.1.3.5. Review the analysis and the PIJ summary with the GITA Director.
 - 4.1.3.6. For projects and investments of \$1 million or more, submit the PIJ to ITAC. In addition, issue a letter indicating GITA's recommendation to ITAC using the guidelines in Attachment D, *Response Letter Guidelines*.
- 4.1.4. **ITAC** shall:
 - 4.1.4.1. Determine the merits of the project and of GITA's analysis and recommendations.
 - 4.1.4.2. Vote to Approve, Conditionally Approve, or Disapprove the project.
 - 4.1.4.3. Notify the agency in writing of its recommendations via the GITA Director.
- 4.1.5. **GITA Director or designee** shall:
 - 4.1.5.1. Issue a written response using the guidelines in Attachment D, *Response Letter Guidelines*, stating that the project or investment is approved, approved with conditions, or disapproved.

- 4.1.5.2. For disapproved projects, notify the BU that it may change the project and resubmit a modified PIJ or submit a new PIJ document.
- 4.1.6. For approved projects and investments that require GITA special funds, the designated **GITA Administrator** shall:
 - 4.1.6.1. Reserve the requested amount indicated in the PIJ document from the special funds within the appropriate funding source.
 - 4.1.6.2. Complete the Interagency Service Agreement (shown in Attachment E, *Interagency Service Agreement*) and send it to the BU for signatures. (The BU must return the original to GITA before funds can be issued.)
- 4.1.7. For all significant changes, should the estimated cost vary by 10% or more, should the project plan, technology, or scope of work vary from the original PIJ, the **BU** shall:
 - 4.1.7.1. Amend the PIJ reflect the changes from the original submission and
 - 4.1.7.2. Obtain written approval for the changes from BU management and submit the amendment to GITA for review and approval.
- 4.1.8. **GITA Staff** will report the status of all PIJs assigned a project ID number monthly via the "IT Project Investment Justification Status Report" that appears on the Project Investment Justification webpage at http://gita.state.az.us/project_investment_justification/. Only status codes appearing in Attachment F, *PIJ Status Codes*, shall be used.

5. DEFINITIONS AND ABBREVIATIONS

Refer to the PSP Glossary of Terms for definitions and abbreviations. More information can be found at the GITA web site located at <http://gita.state.az.us>.

6. REFERENCES

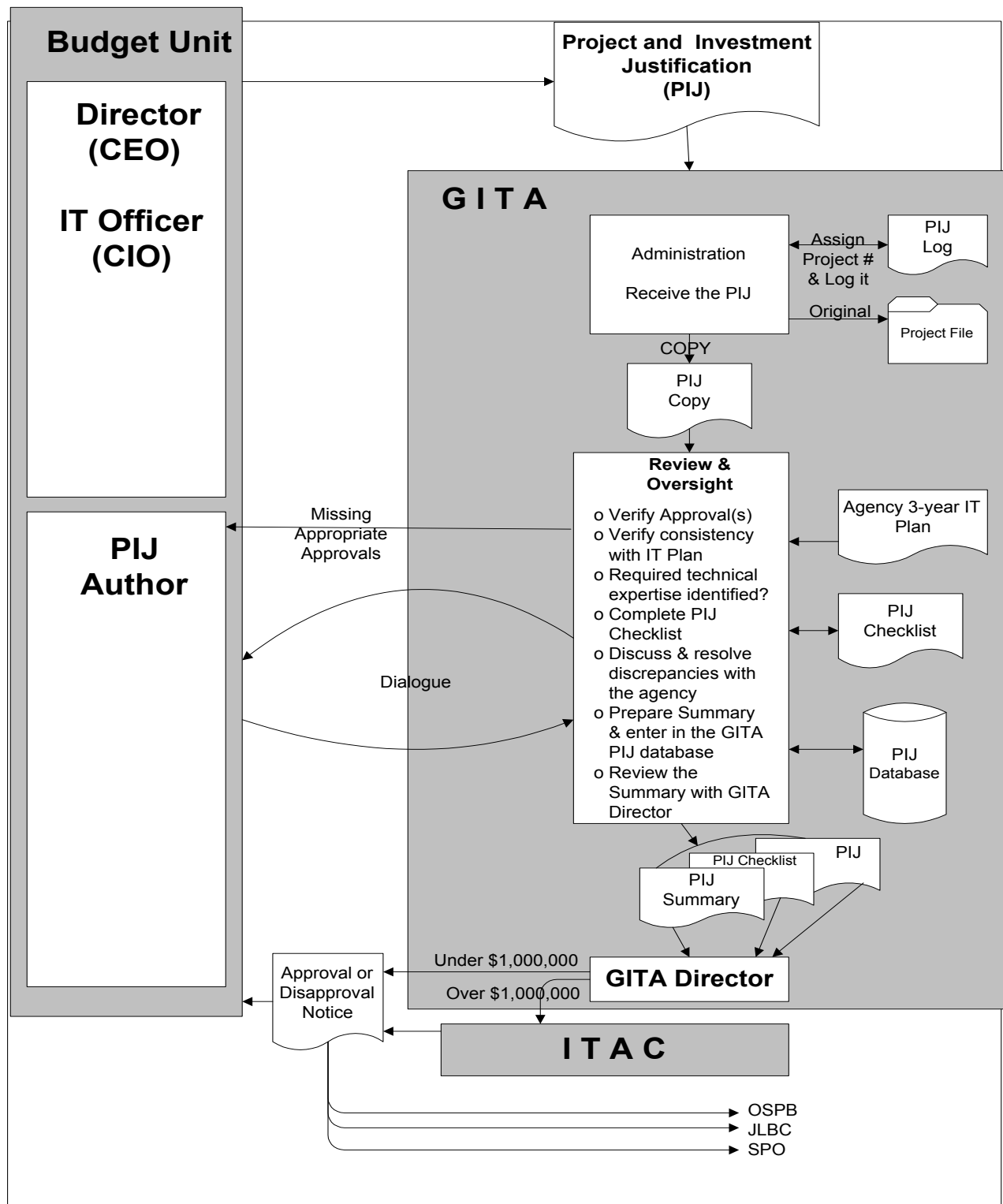
- 6.1. A. R. S. § 41-621 et seq., "Purchase of Insurance; coverage; limitations, exclusions; definitions."
- 6.2. A. R. S. § 41-761 et seq., "Personnel Administration."
- 6.3. A. R. S. § 41-1335 ((A (6 & 7))), "State Agency Information."
- 6.4. A. R. S. § 41-1339 (A), "Depository of State Archives."
- 6.5. A. R. S. § 41-2501 et seq., "Arizona Procurement Codes, Applicability."
- 6.6. A. R. S. § 41-3501, "Definitions."

- 6.7. A. R. S. § 41-3504, "Powers and Duties of the Agency."
- 6.8. A. R. S. § 41-3521, "Information Technology Authorization Committee; members; terms; duties; compensation; definition."
- 6.9. A. R. S. § 41-7041, "Governmental Electronic Records."
- 6.10. Arizona Administrative Code, Title 2, Chapter 5.
- 6.11. Arizona Administrative Code, Title 2, Chapter 7.
- 6.12. Arizona Administrative Code, Title 2, Chapter 10.
- 6.13. Arizona Administrative Code, Title 2, Chapter 18.
- 6.14. Statewide Information Technology Policy P100.

7. ATTACHMENTS

- A. PIJ Review Context Diagram
- B. PIJ Checklist and Evaluation Criteria
- C. PIJ Summary Sheet Instructions and Format
 - i. PIJ Summary Sheet Instructions
 - ii. PIJ Summary Sheet Format
- D. Response Letter Guidelines
- E. Interagency Service Agreement
- F. PIJ Status Codes

Attachment A. PIJ Review Context Diagram



Attachment B. PIJ Checklist

Items of concern will be discussed with the PIJ Author.

#	PIJ Checklist	Yes	No
1.	Is this project consistent with the agency's Strategic IT Plan?		
2.	Have all required sections been completed?		
3.	Does the <i>Management Summary</i> reflect all the key elements of the project?		
4.	Does the "To Be" address business and technology improvements?		
5.	Is the "As Is" descriptive of current business and technical issues?		
6.	Have all hardware, software, and telecommunications communications components been identified?		
7.	Are Major Deliverables and Outcomes identified, real, and tangible?		
8.	Are Roles and Responsibilities of the project team identified and appropriate?		
9.	Have other Alternatives been considered and documented?		
10.	Are Values to the Public clearly stated?		
11.	Are Benefits to the State identified?		
12.	Has a Summary Project Management Schedule been included in lieu of an attached plan?		
13.	Have Development Costs been documented in the Itemized List?		
14.	Have Operating Costs been documented in the Itemized List?		
15.	Has the Summary of Costs been completed?		
16.	Do Special Terms and Conditions support the project?		
17.	Are Funding Sources identified?		
18.	Have all required sections of the Risk Assessment been completed?		
19.	Have potential risks been addressed in the Risk Assessment?		
20.	Does the project plan or Gantt chart provide appropriate milestones?		
21.	If required, is a connectivity diagram attached?		
22.	Has an Itemized List of costs been included?		
23.	Are the impacts to other agencies' operations explained?		
24.	Does this project comply with Statewide Policies, Standards, and Procedures?		
25.	Is the project's technical approach compatible with Statewide Enterprise Architecture targets?		

Attachment B. PIJ Checklist (continued)

Evaluation Criteria

The major sections of the PIJ document to be evaluated are:

- I. A. Management Summary
- I. B. Proposed Changes and Objective “To Be” environment
- I. C. Existing Situation and Problem of the “As Is” environment
- I. D. Proposed Technologies, for relevancy
- I. E. Major Deliverables and Outcomes
- I. F. Roles and Responsibilities
- I. G. Other Alternatives Considered
- I. H. Summary Project Management Schedule

- II. A. Value to the Public
- II. B. Benefits to the State

- III. A. Development Costs
- III. B. Operating Costs
- III. C. Summary of Costs
- III. D. Special Terms and Conditions
- III. E. Funding Timeline and Source

- IV. A. Risk Summary
- IV. B. Risk Evaluation
 - IV. B. 1. Strategic Risks
 - IV. B. 2. Management Risks
 - IV. B. 3. Operational Risks
 - IV. B. 4. Scope and Requirements
 - IV. B. 5. Technology Competency
 - IV. B. 6. Infrastructure Dependencies

- V. A. CIO Review
- V. B. Project Approvals

Appendix A. Itemized List with Costs

Appendix B. Connectivity Diagram

Appendix C. Gantt Chart, Project Management Timeline

Attachment C. PIJ Summary Sheet Instructions and Format

i. PIJ Summary Sheet Instructions

Complete the parts of the summary sheet, using the instructions below. The Summary Sheet form is shown after this instruction section.

Project Overview

Describe the business processes, applications, hardware, software, and infrastructure being modified or implemented and the business goals and objectives to be achieved. Include the sources of funding.

Measurements and Deliverables

Describe how project success will be measured. Include a description of all deliverables such as hardware to be purchased, configuration, data conversion, software design, construction, testing, user training, parallel processing, etc.

Economic Benefits

Identify benefits to the State and benefits to the public. Include such items as improved reliability, productivity, turnaround time, product quality, direct positive impact on performance measures, etc.

Project Management

Define the roles and responsibilities of project team members, including management, direct reports, and customers.

Enterprise Architecture Compliance

Note how the project will implement target technologies, standards, and/or best practices of the State's Enterprise Architecture.

Roles and Responsibilities

Define the roles and responsibilities of project team members, including management, direct reports, and customers.

Summary of Proposed Costs

Identify development, operating, and total costs for the five-year life cycle of the project.

Recommendations

Indicate the recommendation specified in the Director's notification letter.

ii. PIJ Summary Sheet Format

PIJ SUMMARY SHEET

Analyst:

GITA Project ID Number:

<i>Agency Name and Address</i>	<i>Contact Name Phone, and FAX</i>

<i>Project and Investment Justification Name</i>	<i>Date Submitted</i>

Project Overview

Measurements and Deliverables

Benefits

Project Management

Enterprise Architecture Compliance

Summary of Proposed Costs/Benefits

Five Year Total (\$000)						
Description	FY__	FY__	FY__	FY__	FY__	Total
Development Cost						
Operating Cost						
Total Cost						

Recommendation

Attachment D. Response Letter Guidelines

After each PIJ is evaluated and reviewed, the GITA Director issues a response letter. This response letter is sent to the BU, JLBC, OSPB, and SPO, along with the PIJ Summary. This section describes the guidelines for an approval response, an approval with condition response, and a disapproval response.

Instructions for creating particular paragraphs include:

1. *Paragraph One*, PROJECT DESCRIPTION, required, **first paragraph**. (Your request to purchase/upgrade/implement) (name of system/hardware/software) (or other project description has been reviewed). Describe the project purpose and major benefits, if appropriate. State if the project or investment is mandatory or has high visibility.
2. *Paragraph Two*, FINANCIAL DESCRIPTION, required, **second paragraph**. Make statements such as, "Your request implies that funding is available for your project at a cost of (X), and ongoing operational costs of (Y), for a project total of (X+Y)." "Your agency is proposing that (A) will come from your base budget, (B) from Federal matching funds, and (C) requested through legislative appropriations, for a life cycle cost of (A+B+C)." Describe the major savings associated with this project.

If the project is **Approved**, skip Paragraph Three (3) below and continue with paragraph Four.

3. *Paragraph Three*, TERMS AND CONDITIONS, only if applicable, **third paragraph**. State the terms and conditions, and that the terms and conditions have or have not been approved and agreed to by the State Procurement Office.
4. *Paragraph Four*, RECOMMENDATION, required, **fourth paragraph**. State GITA response or the recommendation to ITAC. Indicate if this project will be monitored and if so, the starting monitoring mode. For GITA approved project, include the statement "You may proceed to secure additional approvals as needed from the Joint Legislative Budget Committee, the Office of Strategic Planning & Budgeting and the State Procurement Office."
5. *Paragraph Five*, LIST CONDITIONS, only if applicable, **fifth paragraph**. If the letter is an approval with conditions, list the conditions that must be satisfied for the project to continue after budget approval. For a disapproval letter, list the factors that were not resolvable. If the project has major savings, these should be included as a condition.

6. *Optional Paragraphs*, SUGGESTED ALTERNATIVES TO THIS PROJECT, only if applicable, **fifth paragraph**. In the disapproval letter, suggest alternatives to the disapproved project.

Attachment E. Interagency Service Agreement

INTERAGENCY SERVICE AGREEMENT
Between
GOVERNMENT INFORMATION TECHNOLOGY AGENCY
and

(Name of Agency)

THIS Interagency Service Agreement is entered into between the Government Information Technology Agency, hereinafter referred to as "GITA," and the _____, hereinafter referred to as "Grantee," for the fiscal year _____.

WHEREAS, **Grantee** has requested GITA _____ funding for the following project:

and

WHEREAS, GITA has appropriated funds of _____ from the _____ Fund for allocation to state agencies for necessary _____ Project,

and

WHEREAS, GITA is authorized to allocate and expend the amounts appropriated for _____ project within the State Budget Units,

and

WHEREAS, GITA is authorized to transfer funds for necessary _____ projects performed pursuant to an Interagency Service Agreement. Funds will be disbursed quarterly, based upon project progress against the project plan.

THEREFORE, GITA and the **Grantee** agree as follows:

1. The term of this agreement shall commence on the date GITA's signature is affixed hereto and shall extend through project completion or time expiration per Item 7, that follows.
2. **Grantee** agrees to provide GITA with a unique appropriation number and a unique index or PCA number to which funds will be transferred; and designate whether the index or PCA will be the principle means to track the funds.

Appropriation No. Index PC #
A

3. GITA will designate a six-digit project number, used as the USAS project number that must be used by the **Grantee** for all expenditures.

AFIS Project No.

4. **Grantee** agrees to establish a project budget and a projected completion date that will be forwarded to GITA on the Project and Investment Justification form.
5. **Grantee** agrees to submit to GITA quarterly progress reports, in a format that has been provided by GITA, no later than October 1, January 2, April 1, and July 1, of each year that the project is active.
6. **Grantee** agrees to provide to GITA a printout of USAS screen No. 62 of the appropriation, at the end of each month.
7. **Grantee** agrees to plan, develop and implement projects within the current fiscal year of receipt of moneys. If the **Grantee** is not progressing as scheduled during the current year, GITA will have the right to revert the allocation to GITA Special fund.
8. Upon completion of the project, **Grantee** will reconcile all project costs and report to GITA.
9. Arbitration will be used to the extent required by A.R.S. 12-1518.
10. Records will be established and maintained for five (5) years as required by A.R.S. 35-214.
11. Cancellation of this Agreement is pursuant to A.R.S. 38-511.

All correspondence shall be remitted to:

To: Government Information Technology Agency
100 North 15th Avenue, Suite 440
Phoenix, AZ. 85007

Attn.: GITA Director

Government Information Technology Agency:

Grantee:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Attachment F. PIJ Status Codes

The Agency publishes a monthly “IT Project and Investment Status Report” and one of the key sections has the justification information for each PIJ which includes the status. There are three major types of status: Recommendation, Review, and Disposition. The character or letter underlined is used as the code for that status. Included is a description of each status within the major types.

Recommendation

The oversight analyst has completed an evaluation of the project described on the PIJ document and has chosen one of the following:

Approved: This status indicates that the project technology is feasible and has a high project rating.

Conditional Approval: The project is approved, but has outstanding issues to be resolved. Conditions must be resolved before the project is started and costs are committed, unless otherwise stated.

Approval with Conditions: The project is approved. Conditions must be resolved during the development phase of the project.

Disapproved: This status shows that GITA Oversight staff or ITAC detected issues that were not resolvable.

Provisional: The project scope is approved but no development activity or funding can occur until a revised PIJ has been reevaluated and approved. Two-year budgeting has caused the PIJ document for the out years to contain inaccurate cost projections, incomplete technology choices and undefined skill levels.

Review

During the oversight analyst’s review of a PIJ document and its related project, there are four possible statuses.

In Process: The Oversight analyst is conducting the review.

On Hold: The Oversight analyst requested additional information from the BU and the review is on hold until the information is supplied to GITA.

Disposition

The following codes are used to indicate disposition. The first two are the disposition of the PIJ document prior to a recommendation of the project. The last two indicate the disposition of the project.

Returned: The PIJ document was rejected, because it had missing or incomplete information.

Withdrawn: After an initial review by the analyst and a discussion with the PIJ author, the BU decided to withdraw the document.

Not Funded: The required funding was not appropriated for this project.

F Completed: The project was completed by the BU. This will be kept on the monthly report until the end of the current fiscal year.